

## **RATES GUIDE – INTRODUCTION**

### ***PURPOSE***

The purpose of the Cost Recovery/Billing section of the Facilities Guide is to describe the Health & Human Services Agency Data Center (HHSDC) rate setting methodologies, rate structures and customer billing processes.

### ***OVERVIEW***

The HHSDC provides information technology services to other departments of the State of California, primarily Health and Human Services Agency departments. The Data Center operates on a fee-for-service basis, and is completely self supporting. All costs are recovered through charges to customer agencies, with no general fund appropriations.

## **RATE PROCESS**

### ***ESTABLISHMENT OF RATES***

The Data Center categorizes costs into separate groups or cost centers that are directly related to each service provided to customers. The Data Center attempts to recover cost center costs through its billing structure. Specifically, the Data Center develops customer billing rates by:

- Forecasting costs that must be recovered through user charges.
- Assigning these costs to cost centers for which billing rates are developed.
- Determining an appropriate rate structure for charging customers.

In order to recover costs of services provided, the Data Center has two primary responsibilities:

- Identify and justify costs of providing its services.
- Establish fair and reasonable rates to recover these costs.

The amount billed to a customer each month for a specific cost center is based on:

- Measured usage
- Flat Monthly Fee-for-Service
- Direct-charges

Annually, HHSDC determines whether the current billing rates and forecasted revenues will be sufficient to recover each Cost Center's forecasted costs, during the upcoming budget year. A 'Rate Package' is developed for PAC (Policy Advisory Council) members and Customers, which includes forecasts of Cost Center expenses and utilization, potential new billing rates as well as potential billing impact on customers based on a selected prior month of utilization.

## ***FORECASTED UTILIZATION***

To develop the Cost Center rates, the HHSDC must forecast its customers' budget year utilization for each Cost Center. This is achieved by analyzing past and present utilization levels plus factoring in the predicted growth for each Cost Center. Predicted growth is based on historical trends and customer projections.

Customers are asked to provide HHSDC with their workload data three times a year. These projections in the CICS, TSO, ADABAS and Batch workload areas are factored by each department's workload profile. A workload profile is the average resources consumed for an average job for a particular department. From these, consumption trends for each Cost Center are developed, then compared to historical trends.

Cost Center managers (managers charged with providing a Cost Center service) prepare and/or review utilization forecasts.

## ***ALLOCATION OF COSTS***

There are three types of estimated expenses recovered by the HHSDC: Direct Expenses, Indirect Expenses and Dedicated Expenses, as listed in the following table:

<b>Expenses</b>	<b>Characteristics</b>
Direct Expenses	Expenses attributable to a specific Cost Center
Indirect Expenses	Expenses that cannot be attributed to a specific Cost Center; therefore, are charged to an administrative overhead Cost Center and then prorated back to the processing Cost Centers (based on their percentage to total direct expenses)
Dedicated expenses	Specific customer purchase requests for hardware, software, telephone lines, etc., which are provided to a single customer. Customers are directly billed for their dedicated expenses as a pass through cost.

After it is determined whether an expense is direct, indirect, or dedicated, the expense is further categorized into four components on the rate package, as follows:

<b>Expense Component</b>	<b>Characteristics</b>
Hardware Expenses	Hardware expenses are assigned to a Cost Center are for various types of EDP equipment necessary to support the service provided under that Cost Center.  HHSDC depreciates expenses related to the acquisition of non-expendable property in accordance with the State Administrative Manual (SAM) as well as direction from applicable Federal regulations. Due to changing technology, there are cases where the useful service life of an item has been determined to be less than guideline. HHSDC maintains supporting documentation for those items.
Software Expenses	Software expenses are for software products that support the operation of that particular Cost Center. See the "SOFTWARE SUPPORT CHARGE POLICY" section.
Personnel Expenses	All personnel are allocated, based on the functions they perform, within the Cost Centers that they support. All administrative personnel and specific, data center wide, managerial personnel are allocated to the administrative overhead Cost Center since their work cannot be assigned to specific Cost Centers.
Miscellaneous Expenses	These expenses are for all other costs the Data Center incurs during the year (i.e., facilities rent, general consumable supplies, utilities, etc.) and are assigned proportionally to all Cost Centers.

Cost Center managers are responsible for managing cost center expenditures in accordance with the rate structure.

## ***DEPRECIATION PROCEDURES***

To comply with State and Federal guidelines, hardware and software purchases will be amortized or depreciated in the rate package by utilizing the following rules:

### **Hardware depreciation**

In order to be in compliance with federal regulations (45 CFR Subpart G), EDP hardware purchases are depreciated if the unit acquisition is over \$5,000. Specifically, the depreciated price includes all expenses associated with the acquisition of the hardware except for interest expense. Useful life for depreciation purposes is based on documented industry standards for the specific EDP hardware or Federal Internal Revenue Service (IRS) guidelines for depreciation. Due to the enhanced acceleration of technology improvements, a vast majority of EDP hardware is obsolete in 36 to 48 months. Therefore, depreciation of specific categories or items is analyzed on a case-by-case basis utilizing manufacturers and/or industry recommendations of useful life. Some examples of depreciation standards currently in use by HHSDC are:

<b>Timberline (tape) transports</b>	<b>Months</b>
Direct Access Storage devices (DASD)	36 months
Mainframe (CPU) complexes	48 months
Front-End Processors (FEP)	36 months
Routers	36 months

To be consistent with IRS guidelines, all EDP hardware depreciation is based on a straight-line calculation with \$0 salvage value. All hardware upgrades to extend useful life are treated in the same manner as the original hardware purchase.

### **Software depreciation**

EDP Software purchases and/or expenses are for software products supporting the operation of the Cost Center. All software purchases over a unit acquisition cost of \$5,000 is depreciated over its useful life. Specifically, the depreciated price includes all expenses associated with the acquisition of the software except for interest expense. The depreciation methodology used for software is consistent with IRS guidelines to allow for the depreciation of all software over 36 months. All EDP software depreciation is based on a straight-line calculation with \$0 salvage value.

## COST CENTERS

The tables and information listed below provide definition of billing methods for a particular Cost Center:

### *COST CENTER 001 - CPU*

Attribute	Description
COST ALLOCATION	CPU charges recover all components of CPU Cost Center resources. Components include hardware/software, personnel, and overhead. Hardware in this Cost Center includes portions of the CPU mainframes, Sysplex timers, front-end processors (FEP's), etc. Software allocated to this Cost Center is in support of the operating system (ie. MVS/ESA-JES 2, VM/ESA, ADABAS, IDMS, CICS, etc.). Other expenses include personnel, miscellaneous, and overhead expenses.
MEASUREMENT	The unit of measurement for this resource is per CPU hour.
UTILIZATION	<p>MVS CPU utilization is captured per job step. The CPU utilization is composed of System Request Block (SRB) processor time and Task Control Block (TCB) processor time. VM CPU utilization is captured per job.</p> <p>CPU utilization is measured at the individual user level by account code per job step for batch and TSO. For VM systems, CPU utilization is measured at the individual user level by account code level. For database systems, such as ADABAS, IDMS, and CICS, CPU utilization is measured at the monitor level by department rather than by individual user functions. The Data Center has implemented alternative measurement algorithms to capture utilization at the account code level for individual database users.</p>
CHARGES	<p>The System Management Facility (SMF) Monitor captures MVS CPU utilization information and a SMF record is written for each transaction at the job step level. VM CPU utilization information is captured by the VM Monitor facility and is processed into MICS format by MICS code running on the VM system. Next, the VM billing data is transferred to the MICS system (MVS) to be processed along with other external billing files.</p> <p>This SMF record is then passed to the MVS Integrated Control System (MICS) billing system where the SMF records are formatted, sorted, summarized, processed and charged for at the CPU resource rate. The billing data is also sorted by department ID and account code. Processor charge (PC) equals processor time (PT) multiplied by the CPU rate (R). <math>PC = PT \times R</math>.</p> <p>HHSDC's CPU rate is based on the IBM 3090-600S CPU hour. The CPU rate is normalized to other CPU's based on SRM constants determined and set by manufacturers. The normalization factor is computed based on the ratio of the different CPU SRM constants. This normalization factor is applied to HHSDC's base CPU rate to compute the corresponding CPU rate for other CPU's.</p>

INVOICE CATEGORIES associated with COST CENTER 001:

Invoice Category	Invoice Category Definition	Unit	Rate	Normalization Factor	Normalized CPU Rate (3090-600s)	Actual CPU	Cost Center
1101	CENTRAL PROCESSOR-BATCH(S1)	hour	\$1,303.63	5.2800	\$246.90	9672-R96	001
1103	CENTRAL PROCESSOR-TSO(S1)	hour	\$1,303.63	5.2800	\$246.90	9672-R96	001
1105	CENTRAL PROCESSOR-BATCH(S2)	hour	\$1,374.20	5.5658	\$246.90	9672-R86	001
1106	CENTRAL PROCESSOR-TSO(S2)	hour	\$1,374.20	5.5658	\$246.90	9672-R86	001
1107	VM TOTAL CPU	hour	\$597.47	2.4199	\$246.90	9672-RB5	101
1108	ADABAS CPU	hour	\$1,303.63	5.2800	\$246.90	9672-R96	141
1109	CICS CPU	hour	\$1,303.63	5.2800	\$246.90	9672-R96	216
1110	IDMS CPU	hour	\$1,303.63	5.2800	\$246.90	9672-R96	145

ROLL-UP COST CENTERS associated with COST CENTER 001:

Roll-up Cost Center	Description	Cost Center	Description
101	VM CPU	001	CPU
141	ADABAS CPU	001	CPU
145	IDMS CPU	001	CPU
216	CICS CPU	001	CPU

***Roll-up COST CENTER 101 (associated with 001) – VM CPU***

Attribute	Description
COST ALLOCATION	VM CPU costs are not separate from CPU expenses (Cost Center 001). The expenses of the VM CPU are part of overall total CPU expenses. This Cost Center has been set up to enable HHSDC to track VM CPU utilization separately.
MEASUREMENT	The unit of measurement for this resource is per CPU hour.
CHARGES	HHSDC does not have separate specific CPU rates for each processor type. HHSDC's CPU rate is based on the IBM 3090-600S CPU hour. The CPU rate is normalized to other CPU's based on SRM constants determined and set by manufacturers. The normalization factor is computed based on the ratio of the different CPU SRM constants. This normalization factor is applied to HHSDC's base CPU rate to compute the corresponding CPU rate for other CPU's. VM CPU utilization information is captured by the VM Monitor facility and is processed into MICS format by MICS code running on the VM system. The VM billing data is then transferred to the MICS system (MVS) to be processed along with other external billing files. The VM CPU charge is the VM CPU processor time multiplied by the CPU rate.

***Roll-up COST CENTER 141 (associated with 001) – Adabas CPU***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	ADABAS CPU costs are not separate from CPU expenses (Cost Center 001). The expenses of the ADABAS CPU are part of the overall total CPU expenses. This Cost Center has been set up to enable HHSDC to track ADABAS CPU utilization separately.
MEASUREMENT	The unit of measurement for this resource is per CPU hour.
CHARGES	HHSDC does not have separate specific CPU rates for each processor type. HHSDC's CPU rate is based on the IBM 3090-600S CPU hour. The CPU rate is normalized to other CPU's based on SRM constants determined and set by manufacturers. The normalization factor is computed based on the ratio of the different CPU SRM constants. This normalization factor is applied to HHSDC's base CPU rate to compute the corresponding CPU rate for other CPU's. ADABAS CPU utilization is captured and recorded in an external billing file to be processed by HHSDC's MICS billing system. The ADABAS CPU charge is the ADABAS CPU processor time multiplied by the CPU rate.

***Roll-up COST CENTER 145 (associated with 001) – IDMS CPU***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	IDMS CPU costs are not separate from CPU expenses (Cost Center 001). The expenses of the IDMS CPU are part of the overall total CPU expenses. This Cost Center has been set up to enable HHSDC to track IDMS CPU utilization separately.
MEASUREMENT	The unit of measurement for this resource is per CPU hour.
CHARGES	HHSDC does not have separate specific CPU rates for each processor type. HHSDC's CPU rate is based on the IBM 3090-600S CPU hour. The CPU rate is normalized to other CPU's based on SRM constants determined and set by manufacturers. The normalization factor is computed based on the ratio of the different CPU SRM constants. This normalization factor is applied to HHSDC's base CPU rate to compute the corresponding CPU rate for other CPU's. IDMS CPU utilization is captured and recorded in an external billing file to be processed by HHSDC's MICS billing system. The IDMS CPU charge is the IDMS CPU processor time multiplied by CPU rate.

***Roll-up COST CENTER 216 (associated with 001) – CICS CPU***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	CICS CPU costs are not separate from CPU expenses (Cost Center 001). The expenses of the CICS CPU are part of the overall total CPU expenses. This Cost Center has been set up to enable HHSDC to track CICS CPU utilization separately.
MEASUREMENT	The unit of measurement for this resource is per CPU hour.
CHARGES	HHSDC does not have separate specific CPU rates for each processor type. HHSDC's CPU rate is based on the IBM 3090-600S CPU hour. The CPU rate is normalized to other CPU's based on SRM constants determined and set by manufacturers. The normalization factor is computed based on the ratio of the different CPU SRM constants. This normalization factor is applied to HHSDC's base CPU rate to compute the corresponding CPU rate for other CPU's. The CICS CPU charge is the CICS CPU processor time multiplied by the CPU rate.

***COST CENTER 008 – TAPE I/O CONNECT***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	Tape I/O connect charges recover all components of Cost Center resources. Components include hardware, some software, personnel, miscellaneous, and overhead expenses. Hardware in this Cost Center includes portions of the automated cartridge system, tape drives and controllers. Software includes the Tape Management System, etc.
MEASUREMENT	The unit of measurement for this resource is per tape I/O connect second.
UTILIZATION	Tape I/O connect time measures the total amount of time a device is connected to a channel path while I/O requests are being issued for data transfer or device control operations.
CHARGES	Tape I/O connect time is captured by the SMF monitor and an SMF record is written for the total I/O connect time at the account code level. The SMF records are passed to the MVS Integrated Control System (MICS) billing system where they are formatted into accounting records and the I/O connect time charge for the job is determined. CHARGE = TAPE I/O CONNECT TIME X RATE

INVOICE CATEGORY associated with COST CENTER 008:

<b>Invoice Category</b>	<b>Invoice Category Definition</b>	<b>Unit</b>	<b>Rate</b>	<b>Cost Center</b>
1407	TAPE DEVICE CONNECT TIME	sec	\$0.023	008

***COST CENTER 016 – DISK I/O CONNECT***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	DISK utilization charges recover all components of Cost Center resources. Components include hardware, personnel, and overhead expenses. Hardware includes portions of various types of controllers and disk storage devices of various plug-compatible manufacturers (PCM's). Hardware expenses are divided between this Cost Center, 15% allocation, and Cost Center 300 (Disk Storage), 85% allocation.
MEASUREMENT	This unit of measurement for this resource is per disk I/O connect second.
UTILIZATION	Disk utilization is measured by the total amount of time a device was connected to a channel path during data transmission. Data transmission is data transfer or device control operations.
CHARGES	The SMF monitor captures disk utilization resource information and a SMF record is written for each transaction at the account code level. This SMF record is then passed to the MICS billing system where the records are summarized by account code and charged for at the appropriate rate. CHARGE = DISK I/O CONNECT TIME X RATE

INVOICE CATEGORIES associated with COST CENTER 016:

<b>Invoice Category</b>	<b>Invoice Category Definition</b>	<b>Unit</b>	<b>Rate</b>	<b>Cost Center</b>
1210	VM NON-SPOOLED KSIO S	1000 SIO	\$0.032	016
1215	DASD CONNECT TIME – ADABAS	sec	\$0.014	016
1216	DASD CONNECT TIME – CICS	sec	\$0.014	016
1217	DASD CONNECT TIME – IDMS	sec	\$0.014	016
1507	DASD DEVICE CONNECT TIME – BATCH	sec	\$0.014	016
1508	DASD DEVICE CONNTECT TIME – TSO	sec	\$0.014	016

ROLL-UP COST CENTERS associated with COST CENTER 016:

Roll-up Cost Center	Description	Cost Center	Description
116	VM NON-SPOOLED KSIO'S	016	DISK I/O CONNECT
142	ADABAS I/O CONNECT	016	DISK I/O CONNECT
146	IDMS I/O	016	DISK I/O CONNECT
217	CICS I/O	016	DISK I/O CONNECT

***Roll-up COST CENTER 116 (associated with 016) – VM NON-SPOOLED KSIO'S***

Attribute	Description
COST ALLOCATION	VM non-spoiled KSIO's costs are not separate from MVS disk I/O expenses (Cost Center 016). The expenses of the VM non-spoiled KSIO's are part of overall total disk I/O expenses. In the VM operating system, disk I/O connect is measured in thousandths of start I/O's rather than disk I/O connect time. The VM operating system does not provide disk I/O connect time. This Cost Center has been set up to enable HHSDC to track VM non-spoiled KSIO utilization separately.
MEASUREMENT	The unit of measurement for this resource is per 1000 (K) SIO's.
CHARGES	The VM non-spoiled KSIO rate is directly derived from the MVS disk I/O connect time rate by the use of a conversion factor. That is, a conversion factor was derived based on samplings and ratio of disk I/O connect time to disk I/O SIOs. The VM non-spoiled KSIO utilization is captured by the VM Monitor facility and is processed into MICS format by MICS code running on the VM system. Next, the VM billing data is transferred to the MICS system (MVS) to be processed along with other external billing files. The VM non-spoiled KSIO's charge is the VM non-spoiled KSIO's multiplied by the VM non-spoiled KSIO rate.

***Roll-up COST CENTER 142 (associated with 016) – ADABAS DISK I/O CONNECT***

Attribute	Description
COST ALLOCATION	ADABAS disk I/O costs are not separate from disk I/O expenses (Cost Center 016). The expenses of the ADABAS disk I/O are part of overall total disk I/O expenses. This Cost Center has been set up to enable HHSDC to track ADABAS disk I/O utilization separately.
MEASUREMENT	The unit of measurement for this resource is per disk I/O connect second.
CHARGES	HHSDC does not have separate specific ADABAS disk I/O rates for each storage device type. HHSDC's has a single disk I/O connect rate. ADABAS disk I/O utilization is captured and recorded in an external billing file to be processed by HHSDC's MICS billing system. The ADABAS disk I/O connect charge is the amount of ADABAS disk I/O connect seconds multiplied by current disk I/O connect rate.

***Roll-up COST CENTER 146 (associated with 016) – IDMS DISK I/O CONNECT***

Attribute	Description
COST ALLOCATION	IDMS disk I/O costs are not separate from disk I/O expenses (Cost Center 016). The expenses of the IDMS disk I/O are part of overall total disk I/O expenses. This Cost Center has been set up to enable HHSDC to track IDMS disk I/O utilization separately.
MEASUREMENT	The unit of measurement for this resource is per disk I/O connect second.
CHARGES	HHSDC does not have separate specific IDMS disk I/O rates for each storage device type. HHSDC's has a single disk I/O connect rate. IDMS disk I/O utilization is captured and recorded in an external billing file to be processed by HHSDC's MICS billing system. The IDMS disk I/O connect charge is the amount of IDMS disk I/O connect seconds multiplied by current disk I/O connect rate.



***Roll-up COST CENTER 217 (associated with 016) – CICS DISK I/O CONNECT***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	CICS disk I/O costs are not separate from disk I/O expenses (Cost Center 016). The expenses of the CICS disk I/O are part of overall total disk I/O expenses. This Cost Center has been set up to enable HHSDC to track CICS disk I/O utilization separately.
MEASUREMENT	The unit of measurement for this resource is per disk I/O connect second.
CHARGES	HHSDC does not have separate specific CICS disk I/O rates for each storage device type. HHSDC's has a single disk I/O connect rate. The CICS disk I/O connect charge is the amount of CICS disk I/O connect seconds multiplied by current disk I/O connect rate.

***COST CENTER 038 - PRINT***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	Print charges recover all components of print Cost Center resources. Components include hardware, software, personnel, miscellaneous, and overhead expenses. In FY 97/98, HHSDC outsourced its impact printing and in FY 99/00 HHSDC outsourced its laser printing. Excess printing devices were surplus and personnel allocations redirected. Contractual costs for the outsourced printing were placed in miscellaneous expenses. The contract for both impact and laser printing includes forms cost. HHSDC still retains some hardware and software to handle critical internal printing.
MEASUREMENT	The unit of measurement for this resource is per page.
UTILIZATION	Pages printed locally on laser printers and impact/laser pages printed by print outsourcing vendor.
CHARGES	Pages printed resource information is captured by the SMF monitor. This record is then passed to the MICS billing system where the records are formatted summarized and charged for at the appropriate pages printed. The pages printed rate is the number of pages printed (K) multiplied by the rate (R) equals the charge. Charge = K x R

INVOICE CATEGORIES associated with COST CENTER 038:

<b>Invoice Category</b>	<b>Invoice Category Definition</b>	<b>Unit</b>	<b>Rate</b>	<b>Cost Center</b>
1311	Print	page	\$0.038	038
1312	Print	page	\$0.038	038

***COST CENTER 040 – COMPUTER OUTPUT MICROFICHE (COM)***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	Computer Output Microfiche (COM) charges recover all components of COM Cost Center resources. Components include personnel, miscellaneous, and overhead expenses. In FY 97/98, HHSDC's COM processing operation was outsourced. COM processing equipment was made available as surplus and personnel allocations changed. The current COM vendor has been connected to HHSDC by circuit and DSU/CSU. Output destined for microfiche processing is electronically routed offsite to a remote vendor COM processing facility. Microfiche are returned to HHSDC for customer distribution within a turn-around period of 24 hours for output job of 100,000 lines or less. In the case of output exceeding 100,00 lines or more, the turn-around period may be greater than 24 hours. Vendor contractual costs for COM processing were placed in miscellaneous expenses. Computer Output Microfiche (COM) costs are divided between the costs of producing COM original fiche and COM duplicate fiche (Cost Centers 041 and 042). Revenue is then collected for the two Cost Centers (041 and 042).

INVOICE CATEGORY associated with COST CENTER 040:

Invoice Category	Invoice Category Definition	Unit	Rate	Cost Center
3602	MICROFICHE ORIGINAL	n/a	n/a	040

***COST CENTER 041 – ORIGINAL FRAMES (COM)***

Attribute	Description
COST ALLOCATION	Original Frames (COM) charges are made to recover the expenses of the Computer Output Microfiche (COM) Cost Center.
MEASUREMENT	The unit of measurement for this resource is per Original fiche (COM).
UTILIZATION	Utilization billed is the actual number of original COM fiche produced (including index and header).
CHARGES	The Original Fiche (COM) charge is the number of Original Fiche (COM) multiplied by the Original Fiche (COM) rate.

INVOICE CATEGORY associated with COST CENTER 041:

Invoice Category	Invoice Category Definition	Unit	Rate	Cost Center
3601	MICROFICHE	fiche	\$1.0927	041

***COST CENTER 042 – DUPLICATE FICHE (COM)***

Attribute	Description
COST ALLOCATION	Duplicate Fiche (COM) charges are made to recover the expenses of the Computer Output Microfiche (COM) Cost Center.
MEASUREMENT	The unit of measurement for this resource is per Duplicate Fiche (COM).
UTILIZATION	Utilization billed is the actual number of Duplicate Fiche (COM) produced.
CHARGES	The Duplicate Fiche (COM) charge is the number of Duplicate Fiche (COM) multiplied by the Duplicate Fiche (COM) rate.

INVOICE CATEGORY associated with COST CENTER 042:

Invoice Category	Invoice Category Definition	Unit	Rate	Cost Center
3603	MICROFICHE DUPLICATE	fiche	\$0.1086	042

***COST CENTER 049 - MOUNT***

Attribute	Description
COST ALLOCATION	Mount charges are made to recover all components of Cost Center resources. Components include personnel, hardware, miscellaneous and overhead. Hardware is composed of displays and tape area consoles.
MEASUREMENT	This unit of measurement for this resource is per tape mount.
UTILIZATION	MVS tape mount utilization is measured per job step. VM tape mount utilization is measured at job level.
CHARGES	MVS tape mount utilization information is captured by the System Management Facility (SMF) monitor and a SMF record is written for each transaction at the job step level. VM tape mount utilization information is captured by the VM monitor facility. The mount charge (MC) is the number of tape mounts (TM) multiplied by the mount rate (MR). MC = TM x MR

INVOICE CATEGORIES associated with COST CENTER 049:

Invoice Category	Invoice Category Definition	Unit	Rate	Cost Center
1400	TAPE TOTAL MOUNTS	mount	\$1.50	049
1415	VM TAPE MOUNTS	mount	\$1.50	049

***COST CENTER 070 – INTERNET/WEB SERVICES***

Attribute	Description
COST ALLOCATION	Internet/Web services charges are made to recover all components of Cost Center resources. Components include strictly personnel costs since this service is to support hosted Web sites on shared customer Internet servers located in HHSDC computer room.
MEASUREMENT	The unit of measurement for this resource is per hosted Web site.
CHARGES	Internet/Web Services utilization is captured and recorded in an external billing file to be processed by HHSDC's MICS billing system. The Internet/Web Services charge is billed at \$100 per customer department.

INVOICE CATEGORY associated with COST CENTER 070:

Invoice Category	Invoice Category Definition	Unit	Rate	Cost Center
8553	INTERNET/WEB SERVICES	Server	\$100.00	070

***COST CENTER 150 – DEDICATED HARDWARE***

Dedicated hardware is equipment that is purchased/leased or rented through HHSDC.

Attribute	Description
COST ALLOCATION	Costs are passed through directly to customers without the allocation of overhead. Unlike the rate system where HHSDC estimates costs, vendors notify HHSDC of the exact cost of the equipment at the time it is ordered. This cost is noted in the Hardware/Software Inventory file and the user is billed from the file on a monthly basis for equipment being rented/leased (MR/ML) or purchased by installment payments (IP). Equipment being purchased outright (OP) is billed to the customer via the Request for Adjustment Process (RFA) or memo bill process and is subject to a 5% administrative handling fee with a maximum charge of \$850.00 per document.

However, equipment is not loaded into HHSDC's hardware/software file until HHSDC receives verification from the installation vendor (the manufacturer is not always the installation vendor). This means that equipment may not be billed until sometime after the installation of the equipment. In this case, the customer will receive a back bill for their new equipment along with their regular monthly bill.

***COST CENTER 151 – DEDICATED SOFTWARE***

This Cost Center is for customer software acquired through HHSDC and installed on the HHSDC's host mainframes. All costs incurred are directly passed through to the department to which the software is dedicated. Once installed, a record of the software is placed on the hardware/software file and billed to the user in the same manner as explained under dedicated hardware. See "SOFTWARE SUPPORT CHARGE POLICY" section.

***COST CENTER 155 – EXCHANGE SERVICES***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	Exchange services charges recovered all components of Cost Center resources. Components include hardware, software, personnel, miscellaneous and overhead expenses. Hardware includes various servers
MEASUREMENT	The unit of measurement for this resource is per seat.
CHARGES	Charges for Exchange Services are based on seat charges tied directly to specific utilization seats allocated to customers.

INVOICE CATEGORIES associated with COST CENTER 155:

<b>Invoice Category</b>	<b>Invoice Category Definition</b>	<b>Users</b>	<b>Unit</b>	<b>Rate</b>	<b>Cost Center</b>
8574	EXCHANGE SERVICES	(0-4000)	user	\$31.75	155
8574	EXCHANGE SERVICES	(4001-6000)	user	\$22.75	155
8574	EXCHANGE SERVICES	(6001-8000)	user	\$17.00	155
8574	EXCHANGE SERVICES	(> 8000)	user	\$14.75	155

***COST CENTER 169 – DHS/MIS PROJECT***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center provides support for the California Department of Health Services / Management Information System (DHS/MIS) application that utilizes a separate MVS platform networked to HHSDC host mainframes. Support is for hardware and operating systems. These Cost Center charges recover all components of Cost Center resources. Components include hardware, software, personnel, miscellaneous, and overhead expenses. Hardware includes IBM 9672-R34 CMOS processor, RAMAC disk devices and tape drives. System software includes MVS, JES II, IOF, SPF, etc. Application software includes MEDSTAT application software. Personnel costs include personnel necessary to support the DHS/MIS system. Miscellaneous costs includes floor space costs and utilities costs.
MEASUREMENT	This Cost Center charge is specific and dependent upon the system configuration (hardware and software), level of support required, and environmental support factors. HHSDC technical personnel provide customers with the hardware and software support for the California Department of Health Services / Management Information System (DHS/MIS) application.
CHARGES	The monthly management charge is based on the sum of the monthly hardware, software, personnel, miscellaneous, and overhead expenses. Customers are billed via memo bill process with a single monthly charge. The monthly charge is evaluated on an annual basis.

### ***COST CENTER 170 – SERVER SUPPORT***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center provides support for customers who have applications that utilize AIX (UNIX) and NT platforms networked to HHSDC host mainframes. Support is for AIX/NT hardware and operating systems. These Cost Center charges recover all components of Cost Center resources. Components include hardware, software, personnel, miscellaneous, and overhead expenses. Hardware includes IBM SP2 with various wide/thin AIX nodes, and various separate AIX/NT hardware platforms. Software includes AIX/NT operating systems and various types of proprietary software (i.e. Informix, Oracle, etc.).
MEASUREMENT	This Cost Center charge is specific and dependent upon AIX/NT system configuration (hardware and software), level of support required, and environmental support factors. HHSDC technical personnel provide customers with the optimum hardware and software configuration and most effective system design for their application.
CHARGES	Hardware and software acquired to meet customer requests for Server services (UNIX or NT). Equipment is HHSDC owned and customers are billed via the MICS billing system. Alternative billing (by an RGA or Memobill) may be requested, by the customer, for Server equipment or software installed at the customer site.

### ***COST CENTER 174 – DEDICATED TRANSPORTATION***

Freight, transportation and relocation charges for dedicated EDP hardware.

<b>Attribute</b>	<b>Description</b>
CHARGES	Hardware transportation charges are added to the billing system via the Request for Adjustment (RFA) process and are subject to a 5% administration fee. The customer is billed after HHSDC receives an invoice from the vendor.

### ***COST CENTER 176 – DEDICATED COMMUNICATION***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center is generally used for telephone company (TELCO) install charges. In special cases, this Cost Center may be used to directly passthru other TELCO charges for telephone company services.
CHARGES	Costs for dedicated communications do not reflect any overhead and are subject to a 5% administration fee.

### ***COST CENTER 178 – DEDICATED SUPPORT***

<b>Attribute</b>	<b>Description</b>
CHARGES	This Cost Center represents those charges incurred by customers for any individual or firm providing EDP-related professional services contracted for through HHSDC and are subject to a 5% administration fee.

### ***COST CENTER 179 – LIBRARY SERVICES***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	All costs incurred by customer agencies for EDP manuals.
CHARGES	Library service charges are added to the billing system via the Request for Adjustment (RFA) process. Charges will have a 5% administrative handling included. Users are billed once HHSDC receives an invoice from the vendor.

### ***COST CENTER 180 – TRAINING CENTER SERVICES***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	Training Center is treated as dedicated data center services. Charges recover all costs incurred by customer agencies and departments for EDP training.
UTILIZATION	Rates are computed based on individual classes; however, costs allocated include training staff, facilities, and equipment.
CHARGES	Training services charges are added to HHSDC's billing system via the Request for Adjustment (RFA process) and Memo bill process.

### ***COST CENTER 181 – TRAINING VOUCHERS***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center is treated as dedicated data center services and was created to specifically track and account for Statewide Voucher Program funds.
CHARGES	HHSDC collects voucher monies in advance and does not pay the vendor until a voucher is redeemed. Customers have up to one (1) year to redeem a voucher. That is, HHSDC will bill a customer immediately after the customer places an order to purchase vouchers. When the customer redeems the voucher with a training vendor, the training vendor will bill HHSDC. HHSDC is not purchasing the vouchers from training vendors, but HHSDC is acting as an Agent on behalf of the vendors and customers.

INVOICE CATEGORY associated with COST CENTER 181:

<b>Invoice Category</b>	<b>Invoice Category Definition</b>	<b>Unit</b>	<b>Rate</b>	<b>Cost Center</b>
8594	Training Voucher Program			181

### ***COST CENTER 251 – INSTALLATION/DEINSTALLATION***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	Cost is billed based on the type of moves, adds or changes (MAC's) performed. This Cost Center consists of personnel costs in the Network Installation, Network Software Support and Integrated Telecommunications Support Services sections within the Telecommunications Division (TD). These personnel plan, design, procure and coordinate the MACs of network and remote site equipment and services.
UTILIZATION	The method of recovering costs is to charge the user for the MACs of equipment and services. The actual charge depends on the type of the MACs (See Cost Centers 252 - 261).
RATES FORMULATION	The actual rate is based upon three factors. The three factors are Average Completion Time (ACT), Estimated Workload (EW), and Hourly Rate. The first factor, Average Completion Time (ACT), is based on historical data about the length of staff time each type of MACs requires.
CHARGES	Please see corresponding Cost Centers 252 - 261 for additional specific charge information.

The Estimated Workload (EW) is the second factor and is determined by the Cost Center manager. These values represent the estimate of the number of MACs by type for the fiscal year.

The third and last factor, the Hourly Rate is calculated through the use of a special formula. The Cost Center Manager developed the formula.

$$\text{Hourly Rate} = \frac{\text{Total TD MACs Costs}}{\text{Total hours to complete EW}}$$

After this hourly rate has been calculated, it is now applied (multiplied) against the Average Completion Time (ACT) of each type of MACs. The product represents the chargeable rate for each MACs type.

**NOTE:**

**Sufficient lead-time must be provided to allow for a service request to be processed and completed within customer designated timeframes. If a submitted service request requires expedited service, HHSDC charges will be doubled. (Customers will be notified prior to any application of expedited service charges.)**

INVOICE CATEGORIES associated with COST CENTER 251:

Invoice Category	Invoice Category Definition	Unit	Rate	Cost Center
8524	EQUIPMENT TERMINATION/RELOCATION	Site	\$300.00	255
8525	MISCELLANEOUS SITE REQUEST	Hour	\$75.00	254
8526	NEW SITE INSTALLATION	Circuit	\$2,100.00	253
8587	SITE RELOCATION	Circuit	\$1,300.00	256
8588	SITE DELETION	Circuit	\$400.00	257
8589	ADD PVC	PVC	\$750.00	258
8590	INCREASE CIR	Circuit	\$300.00	259
8591	INSTALL DIAL-UP SERVICES	Circuit	\$700.00	261

ROLL-UP COST CENTERS associated with COST CENTER 251:

Roll-up Cost Center	Description	Cost Center	Description
252	EQUIPMENT SWAPS / ADDITIONS	251	INSTALLATION
253	NEW SITE INSTALLATION	251	INSTALLATION
254	MISCELLANEOUS MAC REQUEST	251	INSTALLATION
255	EQUIPMENT TERMINATION / RELOCATION	251	INSTALLATION
256	SITE RELOCATION	251	INSTALLATION
257	SITE DELETION	251	INSTALLATION
258	ADD PVC	251	INSTALLATION
259	INCREASE CIR	251	INSTALLATION
261	DIAL-UP SERVICES	251	INSTALLATION

**ROLL-UP COST CENTERS 252, 254 \* and 255 (associated with 251) – EQUIPMENT RELATED MACS**

Attribute	Description
DESCRIPTION	Each site identified on a Service Request is subject to a billing for equipment related MACs, provided the equipment is on existing circuits only. Equipment installed at the time a circuit is established is covered in the circuit related MACs charge.
UTILIZATION	Utilization billed is the actual number of MACs begun during the month as reported by the Cost Center manager.
CHARGES	The following is a list of specific billing criteria for Cost Center 252, 254 and 255.

\* Cost Center 254 applies to both equipment related and circuit related MAC's

**EQUIPMENT RELATED MACs:**

<b>Cost Center</b>	<b>MACs Type</b>	<b>CHARGES</b>
252	Equipment Swaps / Additions	\$1,100.00 per site
254	Miscellaneous Site Request	\$75.00 per hour
255	Equipment Termination / Relocation	\$300.00 per site

**ROLL-UP COST CENTERS 253, 254, 256, 257, 258, 259 and 261 (associated with 251) – CIRCUIT RELATED MAC'S**

<b>Attribute</b>	<b>Description</b>
DESCRIPTION	Connecting to the HHSDC Wide Area Network (WAN) is accomplished, typically via a circuit. The MACs activities related to these circuits are captured in this Cost Center.
UTILIZATION	Utilization billed is the actual number of circuit related MACs begun during the month as reported by the Cost Center manager.
CHARGES	The following is a list of specific billing criteria for Cost Center 253, 254, 256, 257, 258, 259 and 261.

**CIRCUIT RELATED MACs:**

<b>Cost Center</b>	<b>SERVICE REQUEST TYPE</b>	<b>CHARGES</b>
253	New Site Installation	\$2,100.00 per circuit
254	Miscellaneous MAC Request	\$75.00 per hour
256	Site Relocation	\$1,300.00 per circuit
257	Site Deletion	\$400.00 per circuit
258	Add PVC	\$750.00 per circuit
259	Increase CIR	\$300.00 per circuit
261	Dial-up Services	\$700.00 per circuit

Note: Customer monthly invoices include a detail report of the installation activities and the associated charges incurred for each request.

**COST CENTER 265 – NETWORK PLANNING AND DESIGN**

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center consists of personnel cost for staff in the Network Software Support section. The staff is responsible for analysis, planning and design of the most complicated local and wide area networks for connectivity, optimum performance and compliance with appropriate IT architectural and security requirements.
UTILIZATION	The method of recovering these costs is to charge the requesting customer the amount of time required for the network analysis and design. The actual charge will be dependent upon the complexity of the network design. The average amount of time required for this network analysis and design is estimated to be approximately 10 hours.
RATES FORMULATION	The actual rate is based upon three factors. The three factors are Planning and Design Time (PDT), Estimated Workload (EW), and Hourly Rate. The first factor, Planning and Design Time (PDT), is based on the estimated length of staff time needed to develop a network design.
CHARGES	The hourly rate is \$150.00 per hour.

The Estimated Workload (EW) is the second factor and is determined by the Cost Center manager. This value represents the estimated number of requests for network planning and design services for the fiscal year.



The third and last factor, the Hourly Rate is calculated through the use of a special formula. The Cost Center manager has developed the following formula:

$$\text{Hourly Rate} = \frac{\text{Total TD PDT Costs}}{\text{Total hours to complete EW}}$$

After this hourly rate has been calculated, it is now applied (multiplied) against the Planning and Design Time (PDT). The result represents the chargeable rate for planning and design service request.

**NOTE:**

**Sufficient lead-time must be provided to allow for a service request to be processed and completed within customer designated timeframes. If a submitted service request requires expedited service, HHSDC charges will be doubled. (Customers will be notified prior to any application of expedited service charges.)**

INVOICE CATEGORIES associated with COST CENTER 265:

Invoice Category	Invoice Category Definition	Unit	Rate	Cost Center
8593	NETWORK PLANNING & DESIGN	Hour	\$150.00	265

***COST CENTER 270 - COMMUNICATIONS***

Attribute	Description
COST ALLOCATION	This Cost Center expense consists of all equipment, personnel and software required at the central and concentrator sites to provide and maintain access to the central site computers from local and remote processing sites. Hardware includes switches, routers, controllers, patch panels, sniffers, protocol converters, microwave links, and modem/line analysis and test equipment. Software is network access software, ACF/VTAM, NCP, NCCF, etc., Personnel consist of software specialists and communications help desk support. Communications costs are divided between costs to support NETWORK ACCESSES and costs to support COMMUNICATIONS LINKS. Revenue is then billed to the appropriate Cost Centers (272-274). Corresponding expenditures are rolled into one Cost Center (270).
Network Charge	Network Access + Communication Link
Network Access	All circuits are charged a monthly network access rate based upon circuit type and bandwidth/speed. In addition, each LAN attached controller is charged a monthly network access charge. The network access rate is specified in units. A single access unit is equivalent to \$ 273.25. The larger the circuit the more access units charged. The access charge covers personnel services and operating expenses and equipment cost within the Telecommunications Division, including associated overhead cost, to maintain and support the Health and Human Services Data Center (HHSDC) wide area network.
Communication Link	The type of circuit (i.e. ADN or Frame Relay), and bandwidth required determine the communication link charge. The communication link charge for ADN Circuits varies dependent upon bandwidth and distance between the Telecoms' nearest point of concentration to the customer site. ADN charges are comprised of monthly local loop charges, DSU/CSU cost, and when appropriate socialized router cost of \$457.00 per month. Charges for Frame Relay circuits are dependent upon bandwidth and circuit size (i.e. DS0, T1, T3, etc.). Communication link charges include DSU/CSU cost, Vendor Frame Relay port cost, Frame Relay local loop cost, FRAD, or socialized router cost of \$457.00 per month.

### ***COST CENTER 272 – NETWORK ACCESS***

<b>Attribute</b>	<b>Description</b>
MEASUREMENT	The unit of measurement for network access is an access.
UTILIZATION	All Frame Relay circuits and non-Frame Relay (ADN) circuits are charged a monthly network access rate based on circuit type and bandwidth/speed. In addition, each LAN attached controller is charged a monthly access charge.
CHARGES	The overall monthly network charges are based on the circuit type and configuration. This section does not address HHSDC's one-time installation/de-installation charges or phone company one-time installation/de-installation charges, which is accounted for in Cost Centers 252 through 261. It should be noted that when circuits are shared between customers, the network charges are to be divided or shared (based on percent of CIR allocation).

INVOICE CATEGORIES associated with COST CENTER 272:

<b>Invoice Category</b>	<b>Invoice Category Definition</b>	<b>Instance</b>	<b>Unit</b>	<b>Rate</b>	<b>Cost Center</b>
8510	NETWORK ACCESS CHARGES	Network Access (9.6 kb)	1 access	\$273.25	272
8510	NETWORK ACCESS CHARGES	(19.2 kb)	2 access	\$546.50	272
8510	NETWORK ACCESS CHARGES	(56 kb)	3 access	\$819.75	272
8510	NETWORK ACCESS CHARGES	(T1)	5 access	\$1,366.25	272
8510	NETWORK ACCESS CHARGES	(Fr. T1)	4 access	\$1,093.00	272
8510	NETWORK ACCESS CHARGES	(T3)	6 access	\$1,639.50	272
8510	NETWORK ACCESS CHARGES	(CNTRLR)	1 access	\$273.25	272

NETWORK ACCESS CHARGES are as follows:

#### **For ADN Circuits:**

<b>BANDWIDTH / SPEED</b>	<b>ACCESSES (#)</b>	<b>ACCESS CHARGE</b>
0 to 9600	1	\$273.25
19200	2	\$546.50
56 KB	3	\$819.75
Fractional T1 *	4	\$1,093.00
T1	5	\$1,366.25
T3	6	\$1,639.50
LAN Attached Controller	1	\$273.25

\* Old ADN support only; no longer a service offering.

#### **For FRAME RELAY CIRCUIT with FRAD:**

<b>CIR</b>	<b>ACCESSES (#)</b>	<b>ACCESS CHARGE</b>
0 – 8 K	1	273.25
9 – 20 K	2	546.50
21 – 56 K	3	819.75
LAN Attached Controller	1	273.25

**For FRAME RELAY CIRCUIT with ROUTER:**

FRAME RELAY PORT	ACCESSES (#)	ACCESS CHARGE
56 KB	3	819.75
T1	5	1,366.25
T3	6	1,639.50
LAN Attached Controller	1	273.25

***COST CENTER 274 – COMMUNICATIONS LINKS***

Attribute	Description
MEASUREMENT	There is no set unit for communications links charges. Each circuit is evaluated and its charges determined by circuit type and configuration.
CHARGES	Communications Links charges are based on the circuit type and configuration. This section does not address HHSDC's one-time installation/de-installation charges or phone company one-time installation/de-installation charges, which is accounted for in Cost Centers 252 through 261. It should be noted that when circuits are shared between customers, the network charges are to be divided or shared (based on percent of CIR allocation).

COMMUNICATION LINKS CHARGES are as follows:

**For ADN circuits without Router and bandwidth 0 to 56 KB:**

Communications Links charge =  $((202 + (5.5 \times \text{DISTANCE})) \times 1.1447)$

Where DISTANCE is the mileage from nearest point of concentration to the customer site and the value of 14.47% represents HHSDC administrative overhead.

**For ADN circuits with a Router and bandwidth 0 to 56 KB:**

Communications Links charge =  $((659 + (5.5 \times \text{DISTANCE})) \times 1.1447)$

Where DISTANCE is the mileage from nearest point of concentration to the customer site and the value of 14.47% represents HHSDC administrative overhead.

The constants: (659) and (202), were derived from the following items:

QUANTITY	DESCRIPTION	COST with Router	COST without Router
2	Monthly Local Loop Cost	100.00	100.00
2	Modems or DSU/CSU's Cost	92.00	92.00
1	"Socialized" Router Costs	457.00	0.00
1	Vendor Minimum Line Cost	10.00	10.00
		<b>659.00</b>	<b>202.00</b>

**For ADN circuits without a Router and bandwidth greater than 56 KB:**

Communications Links charge =  $((613 + (25 \times \text{DISTANCE})) \times 1.1447)$

Where DISTANCE is the mileage from nearest point of concentration to the customer site and the value of 14.47% represents HHSDC administrative overhead.

**For ADN circuits with a Router and bandwidth greater than 56 KB:**

Communications Links charge =  $((1,070 + (25 \times \text{DISTANCE})) \times 1.1447)$

Where DISTANCE is the mileage from nearest point of concentration to the customer site and the value of 14.47% represents HHSDC administrative overhead.

The constants: (1,070) and (613), were derived from the following items:

QUANTITY	DESCRIPTION	COST with Router	COST without Router
2	Monthly Local Loop Cost	326.00	326.00
2	Modems or DSU/CSU's Cost	162.00	162.00
1	"Socialized" Router Cost	457.00	0.00
1	Vendor Minimum Line Cost	125.00	125.00
		<b>1,070.00</b>	<b>613.00</b>

**For Frame Relay circuits with FRAD and bandwidth of 56 KB:**

Communications Links charge =  $(172 \times 1.1447) + ((\text{CIR} \times 5.5) / 4)$

Where CIR is a direct vendor passthru charge (\$5.50 per 4 K) to the customer. The CIR value (size) can vary from 8 K to 56 K resulting in a passthru Charge \$11.00 to \$77.00 per month. The value of 14.47% represents HHSDC administrative overhead. Note: There is no CIR charge if the circuit terminates within a LATA that it originates from.

The constant (172) was derived from the following items:

QUANTITY	DESCRIPTION	COST
1	DSU/CSU Cost	46.00
1	FRAD Cost	36.00
1	Vendor Frame Relay Port Cost	47.00
1	Frame Relay Local Loop Cost	43.00
		<b>172.00</b>

**For Frame Relay circuits with Router and bandwidth of 56 KB:**

Communications Links charge =  $(593 \times 1.1447) + ((\text{CIR} \times 5.5) / 4)$

Where CIR is a direct vendor passthru charge (\$5.50 per 4 K) to the customer. The CIR value (size) can vary from 8 K to 56 K resulting in a passthru Charge \$11.00 to \$77.00 per month. The value of 14.47% represents HHSDC administrative overhead. Note: There is no CIR charge if the circuit terminates within a LATA that it originates from.

The constant (593) was derived from the following items:

QUANTITY	DESCRIPTION	COST
1	DSU/CSU Cost	46.00
1	"Socialized" Router Costs	457.00
1	Vendor Frame Relay Port Cost	47.00
1	Frame Relay Local Loop Cost	43.00
		<b>593.00</b>

**For Frame Relay circuits with Router and bandwidth of T1:**

Communications Links charge =  $(953 * 1.1447) + ((CIR * 5.5) / 4)$

Where CIR is a direct vendor passthru charge (\$5.50 per 4 K) to the customer. The CIR value (size) can vary from 8 K to 1,024 K resulting in a passthru Charge \$11.00 to \$1,408.00 per month. The value of 14.47% represents HHSDC administrative overhead. Note: There is no CIR charge if the circuit terminates within a LATA that it originates from.

The constant (953) was derived from the following items:

QUANTITY	DESCRIPTION	COST
1	DSU/CSU Cost	81.00
1	“Socialized” Router Costs	457.00
1	Vendor Frame Relay T1 Port Cost	325.00
1	Frame Relay T1 Local Loop Cost	90.00
		953.00

**For Frame Relay circuits with router and bandwidth of T3**

Communications Link charge =  $(3,903 * 1.1447) + ((CIR * 5.5) / 4)$

Where CIR is a direct vendor passthru charge (\$3.50 per 4 K) to the customer. The CIR value (size) can vary from 1,025 K to 28,672 K resulting in a passthru Charge \$896.88 to \$25088.00 per month. The value of 14.47% represents HHSDC administrative overhead. Note: There is no CIR charge if the circuit terminates within a LATA that it originates from.

The constant (3,903) was derived from the following items:

QUANTITY	DESCRIPTION	COST
1	DSU/CSU Cost	396.00
1	“Socialized” Router Costs	457.00
1	Vendor Frame Relay T3 Port Cost	1,800.00
1	Frame Relay T3 Local Loop Cost	1,250.00
		3,903.00

***COST CENTER 275– 3270 DIAL UP SERVICE***

Attribute	Description
COST ALLOCATION	The 3270 dial-up service Cost Center recoverS all components of the Cost Center resources. Components include hardware/software, personnel, miscellaneous, and overhead.
MEASUREMENT	The unit of measurement for this resource is per minute.
UTILIZATION	3270 dial-up utilization is captured and stored in separate utilization files by account code.
CHARGES	The 3270 dial up charge is the total amount of dial-up minutes multiplied by the rate of \$0.064 per minute.

INVOICE CATEGORIES associated with COST CENTER 275:

Invoice Category	Invoice Category Definition	Unit	Rate	Cost Center
8559	3270 DIAL UP SERVICES	minute	\$0.06	275

***COST CENTER 276– MCI REMOTE LAN DIAL***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	The MCI Remote LAN dial-up service Cost Center recovers all components of the Cost Center resources. Components include hardware/software, personnel, miscellaneous, and overhead. Note: The MCI RLD service will be discontinued by June 30 <sup>th</sup> 2001, due to the cost saving associated with the development of the HHSDC RLD service.
MEASUREMENT	The unit of measurement for this resource is per minute.
UTILIZATION	MCI Remote LAN dial-up utilization is captured and stored in separate utilization files by account code.
CHARGES	The MCI RLD charge is the total amount of dial-up minutes multiplied by the rate of \$0.08 per minute.

INVOICE CATEGORIES associated with COST CENTER 276:

<b>Invoice Category</b>	<b>Invoice Category Definition</b>	<b>Unit</b>	<b>Rate</b>	<b>Cost Center</b>
8581	REMOTE LAN DIAL UP USAGE CHARGES	minute	\$0.08	276

***COST CENTER 277– HHSDC REMOTE LAN DIAL***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	The HHSDC RLD dial-up service Cost Center recovers all components of the Cost Center resources. Components include hardware/software, personnel, miscellaneous, and overhead.
MEASUREMENT	The unit of measurement for this resource is per minute.
UTILIZATION	HHSDC RLD dial-up utilization is captured and stored in separate utilization files by account code.
CHARGES	The HHSDC RLD charge is the total amount of dial-up minutes multiplied by the rate of \$0.064 per minute.

INVOICE CATEGORIES associated with COST CENTER 277:

<b>Invoice Category</b>	<b>Invoice Category Definition</b>	<b>Unit</b>	<b>Rate</b>	<b>Cost Center</b>
8585	HHSDC REMOTE LAN DIAL	minute	\$0.06	277

***COST CENTER 300 – DISK STORAGE***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	The Disk storage Cost Center recovers all components of the Cost Center resources. Components include hardware/software, personnel, and overhead. Hardware includes controllers, and disk storage devices of various plug-compatible manufacturers (PCM's). DASD hardware and personnel are divided 85/15 between Disk Storage (300) and Disk Utilization (016). Software includes the associated software necessary to manage DASD resources.
MEASUREMENT	The unit of measurement for this resource is per 3390 track- month.
UTILIZATION	Randomly and at once a month, a snapshot is taken of disk VTOC's (Volume Table of Contents) and the information is written to an OS file. The MICS VTOC Catalog Activity component writes this information to a database. The tracks are considered to be a monthly allocation and customers are billed for all tracks allocated to them at the time the snapshot is taken.
CHARGES	The charge (C) is the number (N) of tracks multiplied by the rate (R). $C = N \times R$

INVOICE CATEGORY associated with COST CENTER 300:

Invoice Category	Invoice Category Definition	Unit	Rate	Cost Center
7202	DISK STORAGE	3390 trk	\$0.004	300

ROLL-UP COST CENTERS associated with COST CENTER 300:

Cost Center	Description	Roll-up Cost Center	Description
300	DISK STORAGE	130	VM DISK STORAGE
300	DISK STORAGE	143	ADABAS DISK STORAGE

***Roll-up COST CENTER 130 (associated with 300) – VM DISK STORAGE***

Attribute	Description
COST ALLOCATION	VM disk storage costs are not separate from disk storage expenses (Cost Center 300). The expenses of the VM disk storage are part of overall total disk storage expenses. This Cost Center has been set up to enable HHSDC to track VM disk storage utilization separately.
MEASUREMENT	The unit of measurement for this resource is per 3390 track.
CHARGES	HHSDC does not have separate specific VM disk storage rates for each storage device type. HHSDC's has a single disk storage rate. The disk storage charge is the amount of allocated 3390 tracks multiplied by current disk storage rate. The VM disk storage utilization is captured and recorded in an external billing file to be processed by HHSDC's MICS billing system. The VM disk storage charge is the VM disk storage utilization multiplied by the disk storage rate.

***Roll-up COST CENTER 143 (associated with 300) – ADABAS DISK STORAGE***

Attribute	Description
COST ALLOCATION	ADABAS disk storage costs are not separate from disk storage expenses (Cost Center 300). The expenses of the ADABAS disk storage are part of overall total disk storage expenses. This Cost Center has been set up to enable HHSDC to track ADABAS disk storage utilization separately.
MEASUREMENT	The unit of measurement for this resource is per 3390 track.
CHARGES	HHSDC does not have separate specific ADABAS disk storage rates for each storage device type. HHSDC's has a single disk storage rate. ADABAS disk storage utilization is captured and recorded in an external billing file to be processed by HHSDC's MICS billing system. The disk storage charge is the total amount of ADABAS 3390 tracks multiplied by current disk storage rate.

***COST CENTER 500 – FORMS (IMPORTANT NOTE: Current printing will be billed as indicated, until this Cost Center can be officially dropped as this service is now out-sourced)***

Attribute	Description
COST ALLOCATION	The cost of a box of forms, of each type, is divided by the number of pages in the box giving the price per form.
MEASUREMENT	The form rate is per 1000 pages.
UTILIZATION	Utilization is developed with data captured by the SMF monitor using an SMF type 6 record which records the number of lines printed per job and skip to channel commands.

	Charges are developed using the following algorithm.  1. Using skip to channel commands as a top of form indicator giving the number of pages printed. 2. A maximum number of lines per page is established for each form and this number is divided into the total lines giving the number of pages.
CHARGES	The option is chosen with the most number of pages printed. This record is passed to the MICS billing system where the records are formatted, summarized and charged for at the appropriate forms rate per page. Please reference Rates-Cost of Service page at <a href="http://www.hwdc.cahwnet.gov/services/rates.asp">http://www.hwdc.cahwnet.gov/services/rates.asp</a>

#### ***COST CENTER 605 – SAS SOFTWARE VLPA***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center was created to specifically track SAS software Volume License Purchase Agreement (VLPA) purchases. Costs are passed directly to customers
CHARGES	Charges are billed via RFA or Memobill and are subject to a 5% administration fee.

#### ***COST CENTER 801 – MINIMUM JOB FLUSH***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center does not contain specific expenses.
CHARGES	This charge is for any job cancelled (flushed) due to incorrect JCL information on the job card.

INVOICE CATEGORY associated with COST CENTER 801:

<b>Invoice Category</b>	<b>Invoice Category Definition</b>	<b>Unit</b>	<b>Rate</b>	<b>Cost Center</b>
1701	JOB FLUSH-BATCH	flush	\$0.35	801

#### ***COST CENTER 850 - COURIER***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	Resource components allocated to this Cost Center are the courier service contract and overhead. Courier services are contracted services to transport input/output between HHSDC and the user community.
MEASUREMENT	The rate for this service is per drop. A drop is defined as a courier trip from HHSDC to a user(s) location and back to HHSDC.
UTILIZATION	The utilization reported is the number of drops in a calendar month made to a specific customer.
CHARGES	The rate multiplied by the number of drops, as reported by the Cost Center manager, is the charge.

INVOICE CATEGORY associated with COST CENTER 850:

<b>Invoice Category</b>	<b>Invoice Category Definition</b>	<b>Unit</b>	<b>Rate</b>	<b>Cost Center</b>
8529	COURIER CHARGES	drop	\$9.14	850

#### ***COST CENTER 851 – TAPE STORAGE (LOCAL/FOREIGN)***



<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	Tape storage LCL/FORN charges recover all components of Cost Center resources. Components include magnetic tapes, personnel, and overhead.
MEASUREMENT	This Cost Center rate is per tape. Tape is a physical volume (reel or cartridge) upon which resides a file(s). Multiple files on a tape will be for the same customer and charged for as a single volume.
UTILIZATION	The Computer Associates (CA) software package CA-ONE is used to manage the tape library system. A tape is added to the Tape Management Master File (TMMF) dynamically when a job requests a tape file. Each time a scratch tape is mounted MVS reads the volume serial number. MVS passes control to CA-One before any processing is done to the tape. CAA-One checks the volume serial (volser) number to insure the tape is a valid scratch tape. It also looks at the DSN from the JCL (or defaults) and writes this information to the TMMF plus the expiration date, DCBs, etc. Once CA-One has written the record to TMMF, control is then passed it back to MVS. After the file is closed block counts are also written to the TMMF record for that tape.
CHARGES	Randomly once a month each active tape record is written to a snapshot file. This snapshot file is sorted first by department and then by account code. Customers are billed for all tapes present at the time this snapshot is taken. In addition users will be billed for dedicated scratch tapes at the same rate and at the account code level.

INVOICE CATEGORY associated with COST CENTER 851:

<b>Invoice Category</b>	<b>Invoice Category Definition</b>	<b>Unit</b>	<b>Rate</b>	<b>Cost Center</b>
8501	TAPE STORAGE-LCL/FORN CHGS.	tape	\$0.99	851

***COST CENTER 853 – TAPE STORAGE OFFSITE***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	Tape storage offsite charges recover all components of Cost Center resources. Components include personnel and overhead.
MEASUREMENT	Tape is a physical volume (reel or cartridge) upon which resides a file(s). Multiple files on a tape will be for the same user and charged for as a single volume. This Cost Center rate is per tape.
UTILIZATION	The Computer Associates software package CA-ONE is used to manage the tape library system. A tape is added to the Tape Management Master File (TMMF) dynamically when a job requests a tape file. Each time a scratch tape is mounted MVS reads the volume serial number (volser). MVS passes control to CA-One before any processing is done to the tape. CA-One checks the volser to insure the tape is a valid scratch tape. It also looks at the DSN from the JCL (or defaults) and writes this information to the TMMF plus the expiration date, DCBs, etc. Once CA- One has written the record to TMMF, control is then passed back to MVS. After the file is closed block counts are also written to the TMMF record for that tape.
CHARGES	Randomly once a month snapshot file is sorted by department, account code, and outcode = Archive (ARCH) and Disaster Offsite Storage Location (DOSL). Tapes are if there hasn't been any activity for eighteen months and the expiration date is eighteen months in the future. There can also be a year-year criterion for archive. Disaster Offsite storage is requested by the user.

Users having tapes that require offsite storage that are DOSL will be charged a local storage rate in addition to the offsite storage rate. Users are billed for all tapes present at the time the snapshot is taken.

INVOICE CATEGORY associated with COST CENTER 853:

<b>Invoice Category</b>	<b>Invoice Category Definition</b>	<b>Unit</b>	<b>Rate</b>	<b>Cost Center</b>
8502	TAPE STORAGE-OFFSITE CHGS.	tape	\$1.02	853

***COST CENTER 856 – CUSTOMER TAPE PURCHASE***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center was set up to track tape purchases. This was due to the fact that some HHSDC customers were withdrawing tapes, losing tapes, and never returning them to HHSDC's tape library. This resulted in empty tape slots and unusable tape volume serial numbers (VOLSER).
MEASUREMENT	The unit of measurement is per tape.
CHARGES	A tape becomes eligible to become a tape purchase when a tape has not been returned for 180 days. The users of the tape are billed for missing or loss tape. Once a tape has been sold, a new tape is made available with the previously sold VOLSER.

INVOICE CATEGORY associated with COST CENTER 856:

<b>Invoice Category</b>	<b>Invoice Category Definition</b>	<b>Unit</b>	<b>Rate</b>	<b>Cost Center</b>
8503	TAPE PURCHASE CHARGES	tape	\$15.00	856

***COST CENTER 888 - INDIRECT***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center was set up to track overhead/indirect expenses.

***COST CENTER 900 – CONSULTING SERVICES***

Attribute	Description
COST ALLOCATION	This Cost Center was set up to track HHSDC consulting charges to data center customers.

INVOICE CATEGORY associated with COST CENTER 900:

Invoice Category	Invoice Category Definition	Unit	Rate	Cost Center
8531	CONSULTING CHARGES	hour	\$75.00	900

***COST CENTER 999 – MISCELLANEOUS CREDITS***

Attribute	Description
COST ALLOCATION	This Cost Center was set up to track miscellaneous credits to data center customers. These customer credits included over/under rebates.

## PROJECT COST CENTERS

The following cost centers were established to track expenditures relating to the statewide automation projects, which were transferred to HHSDC in 1995. These projects are treated like separate pass-thru dedicated customers.

The HHSDC overhead rate is applied to non-dedicated project expenditure costs via monthly invoices to the Department of Social Services (Memobills).

### ***COST CENTER 610 – ISAWS MAINTENANCE & OPERATIONS***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all non-dedicated costs associated with the Interim Statewide Automated Welfare System (SAWS) maintenance and operations project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

### ***COST CENTER 611 – ISAWS MAINTENANCE DEDICATED***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all dedicated costs associated with the Interim Statewide Automated Welfare System (ISAWS) maintenance and operations project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

### ***COST CENTER 625 – IHSS/CMIPS***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all non-dedicated costs associated with the In Home Support Services / Case Management and Pay-rolling System (IHSS/CMIPS) project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

### ***COST CENTER 627 – WDTIP***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all non-dedicated costs associated with the Welfare Data Implementation Project (WDTIP).
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 628 - WRIM***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all non-dedicated costs associated with the Welfare Reform Infrastructure Modifications (WRIM) project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 630 - SFIS***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all non-dedicated costs associated with the Statewide Fingerprint Imaging System (SFIS) project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 631 – SFIS DEDICATED***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all dedicated costs associated with the Statewide Fingerprint Imaging System (SFIS) project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 635 – EBT***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all non-dedicated costs associated with the Electronic Benefit Transfer (EBT) project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 636 – EBT DEDICATED***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all dedicated costs associated with the Electronic Benefit Transfer (EBT) project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 637 – WDTIP DEDICATED***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all dedicated costs associated with Welfare Data Tracking Implementation Project (WDTIP).
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 638 – WRIM DEDICATED***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all dedicated costs associated with Welfare Reform Infrastructure Modifications (WRIM) project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 660 – ISAWS PHASE 1***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all non-dedicated costs associated with Phase 1 of the Interim Statewide Automated Welfare System (ISAWS) project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 661 – ISAWS PHASE 1 DEDICATED***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all dedicated costs associated with Phase 1 of the Interim Statewide Automated Welfare System (ISAWS) project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 670 – SAWS***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all non-dedicated costs associated with the Statewide Automated Welfare System (SAWS) project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 671 – SAWS DEDICATED***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all dedicated costs associated with Statewide Automated Welfare System (SAWS) project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 673 – SAWS / TA***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all non-dedicated costs associated with the Statewide Automated Welfare System / Technical Architecture (SAWS/TA) project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 674 – SAWS / TA DEDICATED***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all dedicated costs associated with the Statewide Automated Welfare System / Technical Architecture (SAWS/TA) project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 690 – CWS/CMS***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all non-dedicated costs associated with the Child Welfare Services / Case Management System (CWS/CMS) project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 691 – CWS/CMS DEDICATED***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all dedicated costs associated with the Child Welfare Services / Case Management System (CWS/CMS) project.
CHARGES	Costs are accumulated from HHSDC's resource billing files, training records, and Actual Expenditure Records (AER) files. On a monthly basis, these costs are billed to the California Department of Social Services (CDSS) via memo bill process.

***COST CENTER 760 – SID MANAGEMENT***

<b>Attribute</b>	<b>Description</b>
COST ALLOCATION	This Cost Center contains all Systems Integration Division (SID) management (personnel) costs as allocated by the use of Pseudo Cost Centers (PCC) to each of the individual CDSS projects.
CHARGES	There is no specific rate for this Cost Center.

***ADMINISTRATIVE SERVICES CHARGE***

All customer purchases of equipment, software, manuals, and/or supplies which are not used in direct or pass through connection with HHSDC will be assessed an administrative handling charge. In addition, this administrative handling charge will apply to any requests for billing outside the customers' interagency agreements. The administrative charge is 5% of purchase up to a maximum of \$850 per document.



## **SOFTWARE SUPPORT CHARGE POLICY**

### ***APPLICATION SOFTWARE SUPPORT***

The HHSDC, in the effort to determine how to charge customers that request applications software be added to the central site software catalog, honors the fiscal policy (recommended by PAC) that all software support packages with major costs be assigned an individual Cost Center. All new software will be reviewed using this policy to determine the appropriate charging methodology.

### ***POLICY RECOMMENDATION***

If the direct cost for central-site applications support (software costs - licenses, purchase costs, maintenance, personnel, hardware enhancements) exceeds \$5,000 per month, than a separate Cost Center and rate will be developed, if no existing central site Cost Center is appropriate. If the direct cost is less than \$5,000 and the software is determined cost effective to purchase, the cost will be allocated to the most appropriate existing central site or dedicated Cost Center(s).

### ***SCENARIOS***

1. For example, if customers requested the HHSDC to purchase software package XYZ and the direct costs were \$21,333 for software, \$41,000 for personnel and \$500 for miscellaneous costs for an annual total cost of \$62,833, then the monthly direct cost would be \$5,236. This would exceed the threshold indicated in the software support policy. Thus, HHSDC would establish a new Cost Center for this software. A rate could be determined by various methodologies, i.e., divide cost by number of users using the Cost Center or by percent of use of CPU by software package XYZ users.
2. However, if software package XYZ and all related costs were less than \$5,000, users would be charged as Follows:

#### **Software Costs**

- a. One to Two Users - dedicate charge for software (subject to a 5% administration fee)
- b. Three plus Users - put the costs in the most appropriate Cost Centers. In the case of software acquisitions exceeding \$50,000, these acquisitions would require PAC review and approval prior to actual completion of the service request.

Personnel if over .5 person years of support

- a. One to Two Users - dedicate charge for personnel.
- b. Three plus Users - put the personnel in most appropriate Cost Center(s).

Personnel if .5 person year and under

- a. Put personnel in the most appropriate Cost Center(s).

## DEPARTMENT ID'S AND ACCOUNT CODES

Department ID's are assigned by HHSDC's Rates/Cost Recovery Section. All attempts are made to coordinate the establishment of HHSDC's department ID's with Teale Data Center's department ID's since some departments are customers of both data centers. The department ID consists of a two-characters. A potential customer may request a department ID through the service request process and the valid department ID granted upon completion of an Interagency Agreement (IAA) between the Data Center and customer department. With the completion of the Interagency Agreement, the System Support Section within HHSDC's Technology Division then places the department ID on a table of valid department ID's. The department ID is then made available as a valid high-level qualifier used to catalog data sets as well as for billing and security purposes.

Account codes are comprised of ten characters. The first two characters represent the department ID, which is mandatory. The remaining eight characters are left to the customer to format. There is an exception that applies to County account codes, as follows: the first three characters represent the County ID, while the remaining seven characters are left to the County customer to format.

## **INVOICING/BILLING**

The HHSDC sends electronic and/or hardcopy bills to its customers on a monthly basis. HHSDC requests that bills be scheduled for payment within 20 days after they are received. Any corrections to customer bills should be requested through the RFA process. See "BILLING CORRECTIONS/ADJUSTMENTS - RFA'S" in this section.

### ***THE MVS INTEGRATED CONTROL SYSTEM (MICS) BILLING SYSTEM***

The MICS billing system uses System Management Facility (SMF) data and other external billing data to build a database. The MICS job BATJOB collects information on resource consumption at the job level. Job utilization counts are multiplied by the appropriate rate to get the costing information. All of this information is used to build a daily database. The same information is used to build a monthly database, which is sorted at the account code level and used to create user invoices.

### ***BILLING OUTPUT***

Outputs from the Billing System are comprised of the following components:

1. CICS charges by account code and CICS region.
2. ADABAS charges by Department, account code, and ADABAS monitor.
3. Microfiche charges by account code.
4. Debit listing by Department and account code.
5. Dedicated Network Access charges by account code.
6. Dedicated Communications Links charges by account code.
7. Dedicated Communications charges by account code.
8. Dedicated Frame Relay Communications charges by account code.
9. Dedicated Hardware Back Billing charges from Prior FY to Current FY by account code.
10. Dedicated Hardware Back Billing charges by account code.
11. Dedicated Hardware charges by account code.
12. Dedicated Software Back Billing charges by account code.
13. Dedicated Software charges by account code.
14. 3270 Dial-up charges by Department and account code.
15. Frame Relay Network Access charges by account code.
16. Frame Relay Communications Links charges by account code.
17. IDMS charges by account code and CV.
18. Customer invoices by Department, account code, and invoice category.
19. Invoice Summary by Department.
20. RFA charges by department.
21. Communications Install charges by Department and account code.
22. Remote LAN dial-up charges by Department and account code.

These outputs are subjected to a quality control check for reasonableness, accuracy, and completeness. Then the components are assembled into individual invoice packages for each customer and sent out by the 8<sup>th</sup> working day of each month. In addition, some HHSDC customers now receive their output via online flat file.

### ***BILLING CORRECTIONS/ADJUSTMENTS - RFA'S***

Customers can request an adjustment to their bill through the RFA (Request for Adjustment) process. RFA's are submitted through the HHSDC Operations Coordinator or HHSDC Special Projects Coordinator. Typically, the requests for job run adjustments will go to the Operations Coordinator located at HHSDC MS 422. The Operations Coordinator will submit the RFA with the attached problem report to the appropriate division for approval. If the division approves the RFA, it will be submitted by the Operations Coordinator into the billing process. If not approved, the Operations Coordinator will send the RFA back to the submitting agency.

All other RFA's go to the RFA coordinator in the Rates/Cost Recovery Section located at HHSDC MS 223. RFA's will be reviewed and if there is a discrepancy, they will be returned to the customer to resolve; otherwise, the RFA will be submitted into the next monthly billing cycle. There are two types of RFA's:

Current debit	This is usually a charge for non-system resources such as outright purchases of items or the user, transportation/freight charges for user equipment, user training, technical manuals, on-call maintenance for user equipment, etc.
Past credit	This is a credit for which is used primarily to adjust for prior erroneous billings.

Both RFA credits and debits appear in the customers monthly (MICS) user invoice package. Specifically, the RFA credits are located in the Invoice Credit Supplement Report and the RFA debits are located in the Peripheral Services Charges Section. RFA's can only be accepted for the twelve months prior to the current billing cycle, and preferably by fiscal year.

## **REVIEW & RECONCILIATION**

### ***REVIEW PROCESS***

Rates are reviewed and approved by HHSDC's Cost Center Managers and Executive Staff. Customers also review and approve the rate package in the forum of the Agency's Policy Advisory Council (PAC). PAC members are the CIO's or department representatives from the major customer departments/offices serviced by the Health and Human Services Agency Data Center.

### ***RECONCILIATION***

- The Revenue Summary Report from the billing system is generated monthly, which summarizes total revenue generated by each Cost Center.
- The Actual Expenditure Reports are run from the accounting systems monthly, and summarize total expenditures incurred for each Cost Center.
- An Over/Under analysis report is produced for each fiscal year using data from the billing and accounting systems. This report subtracts the total expenses for each Cost Center from the total revenue generated. The result is an over or under collection amount as well as a calculated percentage of the over or under collection, relative to the expenses incurred. This over or under collection is then allocated back to the users based on each user's percentage of the total revenue billed in the Cost Center. If the analysis report indicates that customer rebates are needed, they will be issued in accordance with HHSDC'S Over/Under collection policy.

## **OVER/UNDER COLLECTION POLICY**

### ***INTRODUCTION***

Currently, the California State Accounting process is a modified accrual basis accounting process, maintaining current and two prior years active appropriations. The intent of the change outlined below is to make HHSDC's policy consistent with state accounting practices.

### ***POLICY***

All over/under collections will be reconciled 18 months after the fiscal year. All over/under collections will be refunded/billed prior to the reversion of the second prior year appropriation. State agencies that supervise and/or administer federal programs, with a 24-month claiming limitation, will report these HHSDC bills/credits in the same manner as their current accounting system handles their second prior year appropriation adjustments.

### ***IMPACT***

HHSDC will no longer close the current fiscal year and refund/credit over collections in a subsequent fiscal year or disregard any under-collections in prior fiscal years. This policy is consistent with State and Federal regulations and will ensure programs are appropriately billed for services received and HHSDC fully recovers the cost of providing the service.